

# CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

## Executive Summary – Immediate Need County of Modoc for the Benefit of Modoc Medical Center

June 24, 2010

### Summary of Issue

On Thursday, June 17, 2010, representatives from the County of Modoc (County) and Modoc Medical Center (MMC) convened a meeting with representatives from the Department of Finance (DOF), the State Treasurer's Office (STO), and the State Controller's Office (SCO) to discuss the pressing financial needs of the County and MCC (a county operated health facility).

The County and MMC appealed to the DOF, the STO and the SCO to temporarily assist the County with its need to immediately restore (as soon as possible) approximately \$12.5 million in restricted funds to the County treasury, which the County improperly transferred to MMC over a period of roughly ten years to finance, in part, operating deficits at MMC. MMC also conveyed their immediate need for operational support. Though MMC has improved efficiencies in their own operations over the last ten months so that revenues now outpace expenses, MMC anticipates the County may intercept hospital revenues to pay immediate County expenses once the \$12.5 million has been replenished. At a minimum, MMC needs funding for accounts payable and payroll in order to stay in operation.

MMC seeks a \$750,000 HELP II loan from the Authority to assist them with their immediate financial needs (roughly \$2.5 million) for the next couple of months. The County is simultaneously working to issue a Certificate of Participation (COP) in the amount of approximately \$14 million in August 2010. If successful, some of the COP proceeds will be used to assist MMC with their financial needs.

Government Code section 11125.3(a)(2) permits the Authority to hear this item on June 24, 2010, absent compliance with Government Code section 11125 (which requires a minimum 10 day notice period for agenda items), if two-thirds of its governing body or, if less than two-thirds of the members are present, a unanimous vote of those members present, determine that there exists a need to take immediate action and the need for immediate action came to the attention of the Authority subsequent to the date the Authority's agenda was disseminated with proper notice (June 14, 2010).

Authority staff concurs with the County's and MMC's conclusion that an immediate need exists and further confirms for the board that the possible need for a HELP II loan came to staff's attention subsequent to June 14, 2010.

So long as there exists an immediate need and the need came to the attention of the Authority subsequent to the timely posting of the original agenda, Government Code section 11125.3(b) allows for additional items to be heard with notice given as soon as practicable after the need presents itself and within 48 hours of the scheduled meeting. Staff provided the requisite notice on June 21, 2010 at or around the time of 3:00 p.m. (and again June 22, 2010 at or around the time of 8:00 a.m.) via an amended agenda reflecting additional items for the County of Modoc for the benefit of MMC to interested parties and news organizations as required by Section 11125.3(b) of the Government Code.

### Staff Recommendation

Staff recommends the Authority find, pursuant to Section 11125.3(a) (2) of the Government Code that a need exists for the Authority to take immediate action and further, that the need for action came to the attention of the Authority after the agenda had already been properly noticed pursuant to Government Code section 11125.